

## Message Text

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TAGS: EIND, ETRD, EEC  
SUBJECT: COMMISSION PROPOSALS FOR EC STEEL POLICY

REF: EC BRUSSELS 6463

1. ON JULY 22, COMMISSIONER HENRI SIMONET, WHO HAS BEEN IN CHARGE OF INDUSTRIAL POLICY SINCE THE RESIGNATION OF COMMISSIONER SPINELLI, ANNOUNCES A NUMBER OF COMMISSION PROPOSALS TO DEAL WITH SHORT AND LONG TERM PROBLEMS IN THE EC STEEL INDUSTRY. IN A PAPER RELEASED AT THE SAME TIME, (POUCHED TO EUR/RPE, BRESLER) THE COMMISSION REVIEWS THE EFFECTS OF THE RECENT RECESSION AND SUGGESTS THAT IMPROVED MEASURES ARE NEEDED TO RE-STRUCTURE THE INDUSTRY AND ACT MORE EFFECTIVELY DURING DOWN TURNS.

2. AS AN ON-GOING MEASURE, THE COMMISSION RECOMMENDS IMPROVED STATISTICAL GATHERING SO THAT THE EC WOULD HAVE A CLEARER IDEA OF SUPPLY AND DEMAND. IN ADDITION, THE COMMISSION PROPOSES TO INCREASE ITS ROLE IN THE INVESTMENT DECISION-MAKING PROCESS. IN PARTICULAR, THE COMMISSION WOULD COME OUT MORE STRONGLY AGAINST INVESTMENTS WHICH, IN ITS OPINION, WOULD CONTRIBUTE TO OVER CAPACITY.

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3. IN TIMES OF CRISIS, THE COMMISSION WOULD SEEK: (A) TO STRENGTHEN THE QUARTERLY FORWARD PROGRAMS FOR STEEL PRODUCTION AND MAKE THEM MORE OPERATIONAL. THE COMMISSION WOULD INCREASE THE DETAILS CONTAINED IN THE FORWARD PROGRAMS, GIVING PRODUCTION AND DELIVERY FIGURES BY COMPANY. COMPANIES WOULD BE ASKED TO AGREE INDIVIDUALLY NOT TO EXCEED PRODUCTION FIGURES IN THE FORWARD PROGRAM. SUCH CONTROLS WOULD BE LIMITED IN TIME; THE COMMISSION WOULD SEEK TO RESTORE CONDITIONS OF COMPETITION AS SOON AS THE CRISIS HAD ENDED, (B) TO OBTAIN GREATER INFORMATION ON PRICES AND SALES FIGURES AT THE COMPANY LEVEL, (C) TO ENGAGE IN AN INTERNATIONAL EFFORT WITH OTHER PRODUCERS, EMPHASIZING GREATER INFORMATION EXCHANGE ON INVESTMENT AND PRODUCTION TO AVOID DUPLICATION OF EFFORT AND OVER CAPACITY. SUCH AN EFFORT WOULD NOT SEEK TO LIMIT FREE TRADE IN STEEL PRODUCTS, (D) TO PAY INCREASED ATTENTION TO SPECIFIC SOCIAL AND REGIONAL PROBLEMS.

4. IN A CONVERSATION WITH A MISSION OFFICER ON JULY 23, DIRECTOR FOR STEEL JOHANNES PETRICK INDICATED THAT THE PURPOSE OF THE COMMISSION PROPOSALS WAS TO IMPROVE EC CAPACITY TO REACT TO RECESSIONS IN THE STEEL INDUSTRY. DURING THE RECENT RECESSION, ACCORDING TO PETRICK, UNWIELDY EC REQUIREMENTS FOR DISCUSSION AND COUNCIL APPROVAL, ON SUCH THINGS AS THE ESTABLISHMENT OF MINIMUM PRICES FOR STEEL, HAD PREVENTED THE COMMISSION FROM INFLUENCING THE COURSE OF EVENTS. IN POINT OF FACT, THE COMMUNITY APPARATUS HAD DONE VERY LITTLE TO INFLUENCE THE ACTUAL SITUATION IN THE INDUSTRY. THE PRESENT COMMISSION PAPER REPRESENTED AN ATTEMPT TO GIVE THE COMMUNITY IMPROVED TOOLS TO DEAL WITH ANOTHER RECESSION IN STEEL. THE MAJOR PROPOSAL WAS THAT FOR INVESTMENT; THE COMMISSION'S ROLE IN THIS AREA TO DATE HAS NOT BEEN LARGE ENOUGH. THE OTHER SUGGESTIONS WOULD IMPROVE THE COMMUNITY'S REACTION IN TIMES OF CRISIS AND, HOPEFULLY, WOULD DEFUSE INDUSTRY PRESSURE FOR CARTELIZATION AND GREATER COORDINATION AT THE COMPANY LEVEL.

5. PETRICK SAID THAT SIMONET IS PERSONALLY INTERESTED IN DOING SOMETHING IN STEEL BEFORE THE END OF THIS COMMISSION'S TERM IN OFFICE AND THEREFORE WILL NOT RELINQUISH RESPONSIBILITY FOR STEEL TO SPINELLI'S REPLACEMENT. THE PAPER WAS RELEASED NOW TO GIVE PEOPLE A CHANCE TO REFLECT ON IT DURING LIMITED OFFICIAL USE

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THE SUMMER BREAK. STARTING IN SEPTEMBER THE COMMISSION WILL ENGAGE IN AN INTENSE ROUND OF CONSULTATIONS, FIRST WITH INDUSTRY AND LABOR GROUPS SEPARATELY AND THEN MORE FORMALLY IN THE ECSC CONSULTATIVE COMMITTEE. PETRICK SAID THAT THE COMMISSION'S LAWYERS CONSIDERED THAT ALL OF THE PROPOSALS IN THE PAPER ARE ALREADY WITHIN THE COMMISSION'S COMPETENCE; THE CONSULTATIVE PROCESS WILL SERVE TO REFINE THE PROPOSALS AND ADD INDUSTRY, LABOR AND MEMBER STATE INPUT. HINTON

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